

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO

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U.S. DISTRICT COURT  
SAN JUAN, P.R.

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,  
as representative of

THE COMMONWEALTH OF PUERTO RICO,  
THE EMPLOYEES RETIREMENT SYSTEM  
OF THE GOVERNMENT OF THE COMMONWEALTH  
OF PUERTO RICO, AND THE PUERTO  
RICO PUBLIC BUILDINGS AUTHORITY,  
Debtors.

Objection to Disclosure  
Statement -  
Docket 11947.

PROMESA Title III No. 17 BK 3283-LTS  
(Jointly Administered)

**OBJECTION TO**

"DISCLOSURE STATEMENT [Docket 11947 in Case 17 BK 3283] FOR THE  
AMENDED TITLE III JOINT PLAN OF ADJUSTMENT OF THE COMMONWEALTH OF  
PUERTO RICO, *ET AL.*"

Objection to Statement of Purported "Recovery (%)" and "Percentage Return"

I own Puerto Rico Commonwealth GO Bonds issued in 2014 having CUSIP 74514LE86  
with 8% Coupon and July 1, 2035 maturity date (hereinafter "2014 GO Bonds"), and  
therefore, have standing to Object to the Disclosure Statement - Docket 11947.

The “Disclosure Statement [Docket 11947 of BK 3283-LTS] for the Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al.” (the “Disclosure Statement”) states on pages 13-17, an “Approximate **Recovery (%)**” and “approximate ... **percentage return**” of **65.358%** for the 2014 GO Bonds:

“Section II B. Summary of Key Components of the Plan of Adjustment ... The following table shows the classes of claims against the Debtors and approximates the **percentage return** or range of percentage returns proposed to be paid to the claims in each class. The amount a creditor may actually recover could vary materially from the estimates below.

Claim	Class	Estimated Claim Amount	Approx. <b>Recovery (%)</b>	Form of Consideration
...				
2014 CW Bond Claims	Class 34	3,836,611,111.11	<b>65.358%</b>	New GO Bonds / COFINA Jr. Lien Bonds / Cash”

The statements of “Approximate Recovery (%)” and “approximate ... **percentage return**” of **65.358%** are material because they are a main basis for the creditors’ vote on the Plan of Adjustment. **These statements are false and misleading** because they

only consider the principal amount of the replacement bonds relative to the principal amount of the original bonds. This can only be determined by a thorough review of the lengthy Disclosure Statement, identification of relevant data and additional mathematical analysis such as the following for the 2014 GO Bonds:

Page 6 of the Disclosure Statement states the following:

“1.35 2014 CW Bond Recovery: The aggregate recovery by holders of Allowed 2014 CW Bond Claims, Allowed 2014 CW Guarantee Bond Claims and Allowed Retail 2014 CW Bond Claims on account of any such Claims totaling Two Billion Seven Hundred Thirty-Three Million Two Hundred Eighty-Three Thousand Three Hundred Thirty-One Dollars and Sixty-One Cents (\$2,733,283,331.61).”

The foregoing Table on page 17 indicates

“2014 CW Bond Claims = \$3,836,611,111.”

“Retail 2014 CW Bond Claims” reference Note 49 which states “Included in 2014 CW Bond Claims Amount”.

“2014 CW Guarantee Bond Claims = \$345,380,885.”

The following is my own mathematical calculation (which does not appear in the Disclosure Statement):

$$\$2,733,283,331.61 / (\$3,836,611,111 + \$345,380,885) = 65.358\%.$$

Thus, the purported "Recovery (%)" and "percentage return" in the Disclosure Statement only consider the cash and principal of the replacement bonds, not their lower coupon rates or their different maturity dates. Even though the foregoing analysis can be performed by someone skilled in math who has the time to carefully study the lengthy Disclosure Statement, this analysis is beyond most investors who instead would naturally rely on the simple, consolidated, prominent representation of "Recovery (%)" and "percentage return" of 65.358% in the Disclosure Statement.

The stated "Recovery (%)" and "percentage return" do not consider **the much lower coupon rates** of the GO replacement bonds, i.e. 5.625%-7.125% stated on page 36 of the Disclosure Statement, and **the much lower coupon rates** of the Cofina replacement bonds, i.e. 4.75%-6.125% stated on page 37 of the Disclosure Statement, relative to the 8% coupon rate of the 2014 GO Bond. Contrary to the Disclosure Statement, these much lower coupon rates of the replacement bonds substantially reduce the recovery percentage/percentage return below the stated 65.358%.

Therefore, the Recovery Percentage" and "percentage return" of 65.358% stated in the Disclosure Statement are false and misleading and must be prominently retracted and corrected by Amendment.



Objection to Omission of Disclosure of Period During which Interest Will Not Be Paid

Also, the existing Disclosure Statement on Page 23 states that interest will begin to accrue on March 1, 2020, but does not state when interest ceased to be paid on the original Bonds or the total amount of unpaid interest. Because interest ceased to be paid over three years ago, the bond holders may not have a record of this or remember this. So, this is a material omission and must be corrected by Amendment. Also, the Disclosure Statement should clearly disclose the total amount of interest (as a percentage of the principal) not paid from the date of the last coupon payment to the March 1, 2020 date, for each original bond.

Note: The above Objections to the Disclosure Statement do not include all my objections to the Disclosure Statement, and I reserve the right to make additional objections to the Disclosure Statement, and join in objections that may be filed or have been filed by other bondholders. I also reserve all rights to object to the Plan itself, based on violations of the Bankruptcy Clause, Contract Clause, Takings Clause and Appointments Clause of the US Constitution, Promesa itself and the Commonwealth's Constitution, based on common law tort and breach of contract and based on other violations as have occurred.

Proposed Court Order for Amendment of Disclosure Statement

The FOMB shall amend the Disclosure Statement as follows:

1. Delete all references to "Recovery (%)", "Recovery Percentage" and "Percentage Return" except for 2. below (and not include any reference to the equally misleading "Recovery Rates").
2. Clearly and prominently state that the prior stated "Recovery (%)", "Recovery Percentage" and "Percentage Return" amounts were inaccurate and did not consider the coupon rates or maturity dates of the replacement bonds.
3. List each original bond, its coupon rate and maturity date, followed by a \$100,000 example amount of the original bond, along with the recovered (a) amount of cash, (b) combined principal amount of Cofina replacement bonds, their weighted average of coupon rates and their weighted average of maturities and (c) the combined principal amount of GO replacement bonds, their weighted average of coupon rates and their weighted average of maturities, according to the Plan of Adjustment.
4. Prominently state for each original bond (near its listing for 3. above) that no interest will be recovered from January \_\_, February \_\_ or March \_\_ (as the case may be), 2017 through February 28, 2020, and state the total amount of such unpaid interest as a percentage of the principal of the bond.
5. Include a single listing of each Cofina replacement bond and GO replacement bond with its respective total amount to be issued and maturity date.

Truly,  5/12/2020

Arthur Samodovitz, pro se.

607-797-0514

200 Rano Blvd. #4C-27, Vestal NY 13850 Arthursail@stny.rr.com

Affidavit and Certificate of Service of Arthur Samodovitz in support of Objection to CW  
GO Disclosure Statement:

I own \$200,000 Face Value of Puerto Rico Commonwealth GO Bonds issued in 2014  
having CUSIP 74514LE86 with 8% Coupon and July 1, 2035 maturity date.

CERTIFICATE OF SERVICE

I have sent, by US first-class mail, a copy of

(1) OBJECTION TO "DISCLOSURE STATEMENT [Docket 11947 in Case 17 BK 3283]

FOR THE AMENDED TITLE III JOINT PLAN OF ADJUSTMENT OF THE

COMMONWEALTH OF PUERTO RICO, *ET AL.*" including "Proposed Court Order for  
Amendment of Disclosure Statement";

(2) Affidavit and Certificate of Service of Arthur Samodovitz in support of Objection to  
CW GO Disclosure Statement; and

(3) Letter to Clerk of Court

To the following:

**Proskauer Rose LLP**

**11 Times Square**

**New York, NY 10036**

Attn: Martin J. Bienenstock, Esq., Brian Rosen, Esq., Paul V. Possinger, Esq., Ehud  
Barak, Esq., and Maja Zerjal, Esq. (mzerjal@proskauer.com)

AND

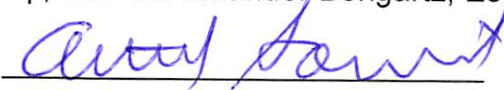
**Paul Hastings LLP**

**200 Park Ave.**

**New York, NY 10166**

Attn: Luc A. Despins, Esq., James Bliss, Esq., Andrew V. Tenzer, Esq., Michael E. Comerford, Esq., James Worthington, Esq., and G. Alexander Bongartz, Esq.,

Truly,



Arthur Samodovitz, 5/12/2020

State of New York: County of Broome

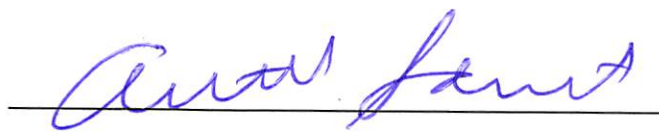
ss: CV-105286

The undersigned, being duly sworn, deposes and says:

The foregoing Affidavit and Certificate of Service are true to my knowledge, except those matters alleged upon information and belief, and as to those matters, I believe them to be true.

Sworn to before me this

12th day of May, 2020



Arthur Samodovitz



Notary Public

CANDICE M. SCHAFER  
Notary Public in the State of New York  
No. 01SC6182005  
Qualified in Broome County  
My Commission Expires Feb. 11, 2024